MISSOURI TIMBER PRICE TRENDS

July-Sept., 2004, Vol. 14 No. 3
Missouri Department of Conservation, Forestry Division

Statewide Stumpage Prices

	High	Low	Avg.	Last Qtr.	Last Yr.	Vol.		# of Rpts.
Veneer								
Black Walnut	$3,330	$1,040	$1,750	$1,650	$1,660	6	Int. - MBF	3
White oak (group)	$1,040	$160	$415	$1,300	$1,250	4	Int. - MBF	2
Sawlogs								
Ash	$165	$165	$165	$110	$100	3	Int. - MBF	1
Black Walnut	$500	$415	$465	$415	$395	8	Int. - MBF	2
Eastern Redcedar	$125	$125	$125	-	$115	4	Int. - MBF	1
Gum	$100	$40	$55	$170	$180	3	Int. - MBF	3
Hard Maple	$45	$45	$45	$140	$140	3	Int. - MBF	1
Hickory	$165	$40	$90	$150	$140	122	Int. - MBF	7
Mixed Hardwoods	$100	$60	$75	$120	$155	61	Int. - MBF	6
Oak (mixed species)	$210	$80	$130	$150	$200	252	Int. - MBF	6
Post Oak	$170	$40	$110	$130	$150	72	Int. - MBF	4
Red oak (group)	$240	$160	$225	$185	$205	2,398	Int. - MBF	14
S Yellow Pine	$100	$60	$80	$120	$120	27	Int. - MBF	5
Soft Maple	$210	$210	$210	$150	$200	21	Int. - MBF	1
White oak (group)	$250	$125	$180	$195	$145	248	Int. - MBF	7
Stave Logs								
White oak (group)	$325	$160	$215	-	$250	80	Int. - MBF	4

The third quarter of 2004 saw few reported timber sales. Refer to the column headed "# of Rpts." to get a gauge of how accurate the average prices may be. Historically, the third quarter (summer) has seen few reported sales, so changes since the same quarter last year should be read with caution. In general, both red and white oak sawlogs remain strong as does black walnut (both veneer and sawlogs).

Note: All prices and volumes are reported in International ¼" MBF Scale. To convert to Int.-BF prices or volume, divide by 1,000. To convert volume from Int.-MBF to Doyle MBF, divide by 1.2. To convert prices from Int.-MBF to Doyle MBF, multiply by 1.2.

Ozark Stumpage Prices

	High	Low	Avg.	Last Qtr.	Last Yr.	Vol.	# of Rpts.
Sawlogs							
Gum	$100	$40	$55	$170	$180	3 Int. - MBF	3
Hard Maple	$45	$45	$45	$170	$170	3 Int. - MBF	1
Hickory	$100	$40	$70	$150	$145	91 Int. - MBF	5
Mixed Hardwoods	$100	$80	$80	$160	$195	2 Int. - MBF	2
Oak (mixed species)	$120	$120	$120	$170	$160	105 Int. - MBF	1
Post Oak	$170	$40	$110	$130	$150	72 Int. - MBF	4
Red oak (group)	$240	$185	$230	$185	$210	2,316 Int. - MBF	10
S Yellow Pine	$100	$60	$80	$120	$120	27 Int. - MBF	5
White oak (group)	$235	$155	$190	$200	$140	208 Int. - MBF	5

Prairie Stumpage Prices

	High	Low	Avg.	Last Qtr.	Last Yr.	Vol.	# of Rpts.
Veneer							
Black Walnut	$3,330	$1,040	$1,750	$1,660	$2,500	6 Int. - MBF	3
Sawlogs							
Ash	$165	$165	$165	$75	-	3 Int. - MBF	1
Black Walnut	$500	$415	$465	$380	$380	8 Int. - MBF	2
Hickory	$165	$165	$165	$140	-	3 Int. - MBF	1
Mixed Hardwoods	$100	$100	$100	$80	$75	16 Int. - MBF	2
Oak (mixed species)	$210	$125	$135	$225	$220	83 Int. - MBF	3
Red oak (group)	$210	$210	$210	$200	$160	20 Int. - MBF	1
Soft Maple	$210	$210	$210	$150	$200	21 Int. - MBF	1
White oak (group)	$125	$125	$125	$145	$165	31 Int. - MBF	1
Stave Logs							
White oak (group)	$250	$250	$250	-	$250	31 Int. - MBF	1

Riverborder Stumpage Prices

	High	Low	Avg.	Last Qtr.	Last Yr.	Vol.	# of Rpts.
Veneer							
White oak (group)	$1,040	$160	$415	$1,660	-	4 Int. - MBF	2
Sawlogs							
Eastern Redcedar	$125	$125	$125	-	-	4 Int. - MBF	1
Hickory	$160	$160	$160	$165	$75	27 Int. - MBF	1
Mixed Hardwoods	$85	$60	$65	$110	$105	43 Int. - MBF	2
Oak (mixed species)	$160	$80	$130	$140	-	63 Int. - MBF	2
Red oak (group)	$210	$160	$185	$160	$190	61 Int. - MBF	3
White oak (group)	$250	$250	$250	$210	$100	8 Int. - MBF	1
Stave Logs							
White oak (group)	$325	$160	$195	-	-	49 Int. - MBF	3

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Foresters reported stumpage prices resulting from 14 timber sales containing 5 million board feet located throughout the state.

Missouri Timber Price Trends tracks market prices for Stumpage. Reports on the Stumpage Market are received from Missouri Department of Conservation Resource Foresters and private consulting foresters. Stumpage refers to timber sold on the stump and does not reflect delivered mill prices. These reports should serve as a general guide to track stumpage prices. Landowners should not use this report to replace a timber inventory and marketing assistance as methods of conducting a sale. Missouri Department of Conservation Resource Foresters will be able to provide information on current, local market conditions. Details of all private sales and delivered prices are kept confidential.

Editor's Note

Welcome to the first issue of Missouri Timber Price Trends under new editor Tom Treiman. I'm a Natural Resource Economist with the Missouri Department of Conservation's Resource Science Division in Columbia, MO. I have had the pleasure of assisting Shelby Jones on this publication for several years and I intend to do my best to keep to his high standards. If you have any suggestions, comments or criticisms please feel free to contact me at any time. I'm available by phone at (573) 882-9909, ext. 3308 or by e-mail at Tom.Treiman@mdc.mo.gov

Once again thank you for the opportunity to help Missouri's landowners and wood products industry,

Tom Treiman

For more information

Remember that one of the most valuable sources for information on log and timber markets is the local Missouri Department of Conservation Resource Forester or your Consulting Forester. Contact the nearest Forest District office for up-to-date, local advice. The Missouri Department of Conservation's Forestry Division, (573) 751-4115, will be happy to provide you with the name and address of the Resource Forester or MDC Regional Office nearest to you (or see the map and list in this publication). You can locate a Consulting Forester by visiting the Missouri Consulting Forester's Association web site at: *www.missouriforesters.com*

Tree Scale Conversion Factors

Sawlogs - Veneer Logs	Int'l = Doyle x 1.2
Pulpwood Pine	5,200 lbs/cord
Hardwood (hard)	5,600 lbs/cord
Hardwood (soft)	4,200 lbs/cord

NAFTA Affects Timber Prices

The newsmagazine *The Economist* reports that "peace" may be about to break out in the cross-border softwood "war" between the US and Canada. Late last month, a ruling of a dispute panel of the North American Free Trade Agreement (NAFTA) turned down the United States' case for punitive tariffs, which was based on a claim that Canada's exports are subsidized.

The dispute arises from the two countries' different ways of owning and managing forests. In the Missouri and the rest of the United States most are privately owned; timber prices are set by private contracts or auctions. In Canada, almost all forests are owned by the provinces (which are like US states), which grant long-term cutting rights and set stumpage prices. To the American forest industry, this government-led system "confers subsidies".

In 2002, the United States Department of Commerce imposed anti-dumping tariffs (import taxes) totaling 27% on Canadian imports. That forced Canada's lumber firms to shut some 50 mills and lay off thousands of workers. But despite this, Canada continues to supply a third of America's softwood market.

Canada denies subsidies are involved. Courts of the WTO and NAFTA have upheld Canada's argument. On August 31st, the NAFTA court (with three American and two Canadian members) made a final, unanimous, ruling, rejecting the claim that Canada's allegedly subsidized exports pose a "threat of material injury" to the American industry. It gave the United States International Trade Commission (ITC) ten days to accept this. The next step would be for the United States to revoke the tariffs, refund the $2.4 billion paid by Canadian firms, and then discuss ways to avoid further disputes.

On September 10th, the ITC said it "grudgingly" accepted the NAFTA ruling. That seems to open the way for an extraordinary challenge to the ruling. A final decision may rest with the Office of the United States Trade Representative, which is reviewing the case. It is being lobbied by the forest products group "Coalition for Fair Lumber Imports"—a driving force behind the American tariffs.

American consumer bodies, however, are delighted. The National Association of Home Builders, for instance, called the NAFTA panel's decision a "victory" for free trade that would help make homes more affordable.

The consumer lobby has gained strength in recent years. The Bush administration is keen on home ownership. American homes use much softwood; its price has risen by around a third since January. In addition, hurricane damage in the southeast should raise demand for timber, leading to even higher prices. But for now, the Commerce Department insists the tariffs will remain in place.

Source: The Economist, Sept. 18, 2004

Hurricanes and Timber Prices

In the past six weeks four major hurricanes have struck the southeastern United States, causing widespread damage from Louisiana to Florida and as far north as the Carolinas. Missouri saw no damage but Missouri's timber markets should soon feel the effects. Once the massive task of clean-up is finished, the longer term efforts of rebuilding will begin. The increased demand for timber will be felt across the entire country, but there will also be an increased supply of wood as timber damaged by the storm is salvaged.

The Alabama Forestry Commission is recommending that landowners in that hard-hit state begin salvage operations immediately ("before deterioration begins") and expects local stumpage prices to fall from the resulting over-supply. In Mississippi, the state university is also predicting that "timber coming on the market after [the] natural disaster will depress timber prices".

But oversupply should be primarily a local issue. Nationwide, the hurricanes that hammered Florida, parts of the Gulf Coast and the Caribbean islands are expected to drive up the cost and limit the supply of some products from those storm-battered areas.

Lumber retailers are expecting the worst. The industry is already experiencing limited supplies because of the high levels of construction going on across the country and because of new government regulations that limit truck drivers' time on the road.

The worst is yet to come, according to a press release from the Florida Department of Agriculture reporting a $150 million storm loss to the state's timber industry, and that does not take into account subsequent damage from root rot and bug infestations.

Builder and homeowners are already feeling the effects. The price for framing lumber, such as 2-by-4s and 2-by-10s used in home building, is up about 40% from a year ago when prices were already climbing, according to lumber industry publication Random Lengths.

What will all this mean for Missouri's forest owners? Most probably a spike in softwood stumpage prices later this year.

Sources: Alabama Forest Commission, www.forestry.state.al.us
The Enterprise, Sept. 20, 2004
The Milwaukee Journal Sentinel, Sept. 15, 2004
Mississippi State University Extension Services, msucares.com
The Star Tribune, Sept. 27, 2004

FIA Numbers

Preliminary results are in from the all 5 years of the 5th inventory of Missouri's forest resources. This inventory initiated the new annual inventory system in which one-fifth of the field plots (considered one panel) in the State are selected for measurement each year. A complete inventory consists of measuring and compiling the data for all plots (or five panels). Once all panels have been measured, each will be remeasured approximately every 5 years. For example, in Missouri, the field plots measured in 2000 will be remeasured in 2005. All plots have now been measured once.

Total forest land area is 14.6 million acres. As with every Missouri inventory since 1947, the oak-hickory type is the predominant forest type on the landscape, comprising over 78 percent of all forested land.

Softwoods make up over 4 percent of Missouri's forested acreage. Pinyon/juniper (primarily eastern redcedar) is the primary softwood component by acreage, although shortleaf pine makes up the majority of the volume. Between 1989 and 1999-2003, the net volume of all live trees on timberland increased by 27 percent, from 13.8 billion cubic feet to 17.6 billion cubic feet.

Data suggest that the effects of the recent drought, along with the mature age of many of the oak forests and overstocked forest stands, will increase oak decline.

Source: Missouri's Forest Resources In 2003, NC-FIA, 2004.

Timber News from Missouri's Neighbors

In a publication appearing before all the storms hit, Nebraska's Forestry Service reported that just as demand has picked up in many regions across the country, log supplies are again dwindling. Yet even with these problems, most mill owners and operators are pleased with the position in which they find themselves — profit margins are up.

Timber Mart South, reporting for the second quarter of the year, says that mixed hardwood sawtimber prices dropped this quarter along with hardwood pulpwood. Dry weather in the East affected hardwood prices more than pine. Heavy rainfall in the West hindered harvest but did not prop up stumpage prices.

Sources: *Timber Talk*, Nebraska Forest Service, Sept. 1, 2004
Timber Mart-South Market Newsletter 2nd Quarter 2004 – Vol. 9 No. 2

Forest Pest Update

The loblolly pine sawfly has caused isolated pockets of severe defoliation across southern Missouri. The widely scattered pockets consist of 1 to 50 trees each. Loblolly pine sawfly populations can be extremely heavy on just a few trees causing near complete defoliation. However, they feed primarily on last year's foliage, usually leaving the new expanding needles. Tree mortality does not usually occur from one year of defoliation by these insects, although trees will be stressed and more vulnerable to other insects (e.g. bark beetles) and diseases. Growth loss often occurs.

Loblolly pine sawfly look similar to European pine sawflies, except the loblolly variety has a reddish-brown head instead of black. There is only one generation of loblolly pine sawflies per year.

Source: Robert Lawrence, MDC entomologist

Missouri Department of Conservation
Forestry Division Offices

MDC CENTRAL OFFICE……………….573/751-4115
PO Box 180, Jefferson City 65102…………...573/522-4115
Bob Krepps, Forestry Division Administrator

GEORGE O. WHITE NURSERY………573-674-3229
14027 Shafer Rd., Licking 65542
Greg Hoss, Supervisor

COLUMBIA RESEARCH……………………… 573/882-9880
1110 S. College Ave., Columbia 65201

CENTRAL REGION ……………………...573/884-6861
1907 Hillcrest Dr., Columbia 65201
Tim French, Regional Supervisor……………….573/882-8388
CALIFORNIA OFFICE
410C W. Buchanan St., California 65018 …….573/796-0286
CAMDENTON OFFICE
783 Thunder Mtn. Rd., Camdenton 65020…....573/346-2210
NEW FRANKLIN – MU-HARC OFFICE
10 Research Ctr. Rd., New Franklin 65274…....660/848-2525

KANSAS CITY …………………………....816/655-6250
3424 NW Duncan Rd., Blue Springs 64015
Mark Nelson, Regional Supervisor……………....816/655-6254
CLINTON OFFICE…………………………………660/885-6981
PO Box 368, Clinton 64735………………………660/885-8179
DISCOVERY CENTER…………………………...816/759-7300
4750 Troost, Kansas City 64110………………...816/759-7305
ELDORADO SPRINGS OFFICE
PO Box 106, El Dorado Springs 64744 …………417/876-5226
SEDALIA OFFICE
1014 Thompson Blvd., Sedalia 65301 ……........660/530-5500
WARSAW SHOP
PO Box 831, Warsaw 65355 ……………………..660/438-6841

NORTHEAST ………………………………660/785-2420
2500 S. Halliburton, Kirksville 63501
George Clark, Regional Supervisor……………...660/785-2424
HANNIBAL OFFICE
653 Clinic Rd., Hannibal 63401.........…………….573/248-2530
KAHOKA OFFICE
RR 1 Box 16A, Kahoka 63445……......……………660/727-2955
MACON OFFICE
28898 Highway 63, Macon 63552 ………………...660/385-6359
UNIONVILLE OFFICE
28988 US Hwy. 136, Unionville 63565…………..660/947-2439

NORTHWEST ………………………………816/271-3100
701 James McCarthy Dr., St. Joseph 64507
John Fleming, Regional Supervisor………………816/271-3111
CHILLICOTHE OFFICE
15368 LIV 2386, Chillicothe 64601………………660/646-6122

OZARK ……………………………………...417/256-7161
PO Box 138, West Plains 65775
Tom Draper, Regional Supervisor………………...417/255-9561
ALTON OFFICE
PO Box 181, Alton 65606 ………………………417/778-6594
AVA OFFICE
HCR 71 Box 46, Ava 65608 …………………417/683-3628
DONIPHAN OFFICE
Route 8 Box 8118, Doniphan 63935…………573/996-2557
EMINENCE OFFICE
PO Box 755, Eminence 65466 ………………..573/226-3616
HOUSTON OFFICE
PO Box 246, Houston 65483…………………..417/967-3385
ROLLA OFFICE
PO Box 1128, Rolla 65401 ……………………573/368-2225
SALEM OFFICE
PO Box 386, Salem 65560 ……………………573/729-3182
VAN BUREN OFFICE
PO Box 850, Van Buren 63965 ………………573/323-8515

SOUTHEAST ……………………………573/290-5730
2302 County Park Rd., Cape Girardeau 63701
Joe Garvey, Regional Supervisor……………...573/290-5858
ELLINGTON OFFICE
Route 2 Box 198, Ellington 63638 ……………573/663-7130
FARMINGTON OFFICE
812 Progress Dr., Farmington 63640………...573/756-6488
FREDERICKTOWN OFFICE
1051 Madison CR 212, Fredericktown, 63645.573/783-7031
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Route 1 Box 1002, Piedmont 63957…………..573/223-4525
POPLAR BLUFF OFFICE
107 Magazine Lane, Poplar Bluff 63901 ……..573/840-9788

SOUTHWEST…………………………… 417/895-6880
2630 N. Mayfair, Springfield 65803
Duane Parker, Regional Supervisor…………..417/895-6881
BOLIVAR OFFICE
412 S. Killingsworth, Bolivar 65613……………417/326-5189
BRANSON OFFICE
226 Claremont Dr., Branson 65616 …………417/334-3324
CASSVILLE OFFICE
PO Box 607, Cassville 65625…………………417/847-5949
JOPLIN OFFICE
705 S. Illinois, Ste. 6B Joplin 64801…………..417/629-3423
LEBANON OFFICE
2350 S. Jefferson, Lebanon 65536……………417/532-7612
NEOSHO OFFICE
1510 S. US Hwy. 71, Neosho 64850…………417/451-4158

ST. LOUIS ………………………………..636/441-4554
2360 Hwy. D, St. Charles 63304
Cathy deJong, Regional Supervisor…………..636/300-1953
POWDER VALLEY NATURE CENTER
11715 Cragwold Rd., Kirkwood 63122 ………314/301-1500
ROCKWOODS OFFICE
2751 Glencoe Rd., Wildwood 63038…………636/458-2236
SULLIVAN OFFICE
PO Box 248, Sullivan 63080 …………………573-468-3335
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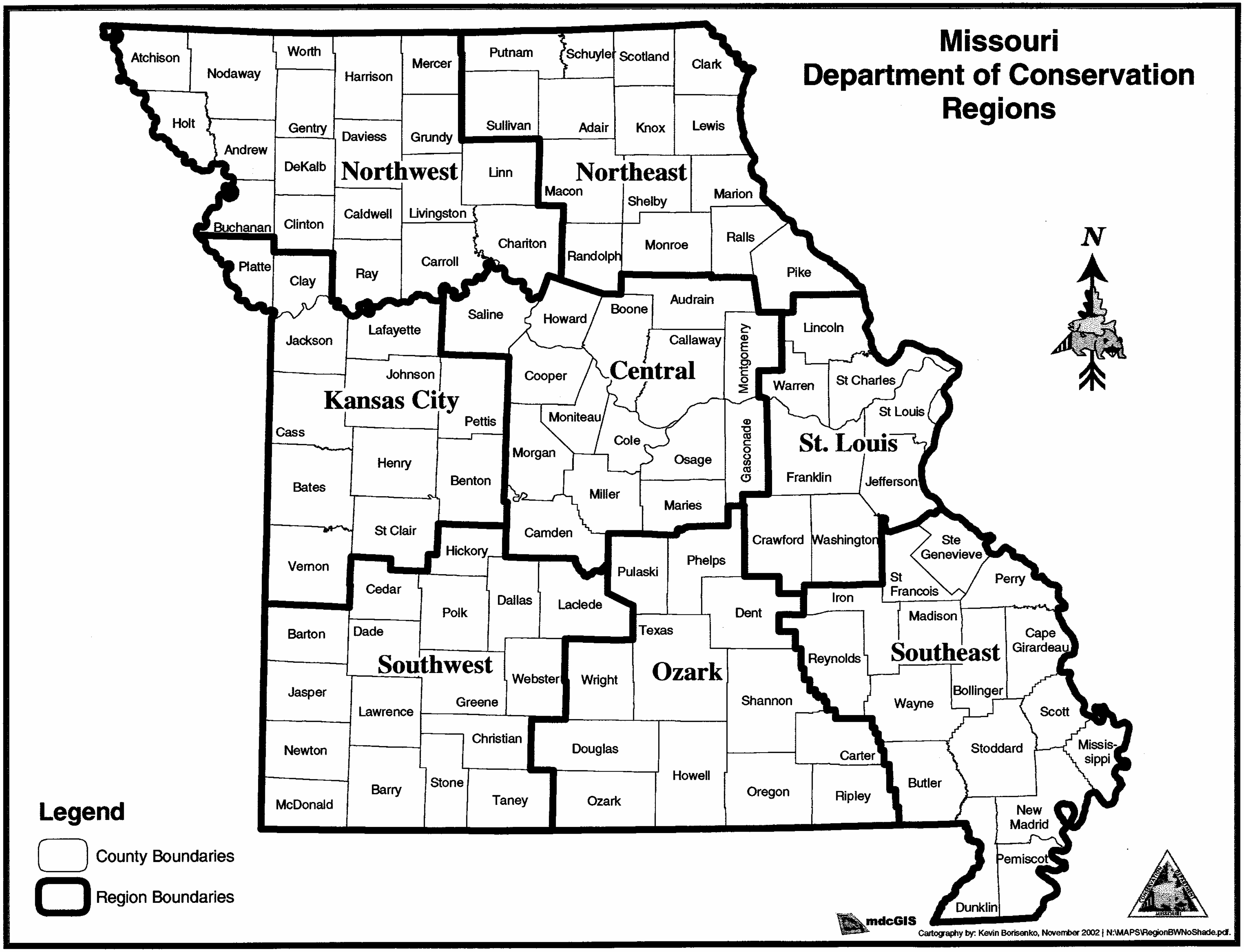
PO Box 157, Warrenton 63383………………..636/456-3368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Missouri Department of Conservation
Forestry Division
P.O. Box 180
Jefferson City, MO 65109